



***Program Compliance Office  
Cal Grant Review Report***

***2000-01 Award Year***

**Harvey Mudd College  
Program Review ID#90200117100**

**301 East 12th Street  
Claremont, CA 91711-5990**

**Program Review Dates:**

July 2002

**Auditor:**

Anadelia Marquez  
(916) 526-8035

**Report Approved by:**

Charles Wood, Manager  
Program Compliance Office  
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## AUDITOR'S REPORT

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**SUMMARY** We reviewed Harvey Mudd College's administration of California Student Aid Commission (Commission) programs for the 2000-01 award year.

The institution's records disclosed the following deficiencies:

- Satisfactory Academic Progress quantitative measure not meeting federal requirement.

**BACKGROUND** Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants

A and B

The following information, obtained from the institution and Commission database, is provided as background on the institution:

A. Institution

- Type of Organization: Institution of Higher Education, Private
- President: Dr. Jon C. Strauss
- Accrediting Body: Western Association of Schools & Colleges
- Size of Student Body: 723

B. Institutional Persons Contacted

- Youlonda Copeland-Morgan: Associate Vice President, Admission & Financial Aid
- Sheryl Reinschmidt: Assistant Director of Financial Aid

C. Financial Aid

- Date of Prior Commission Program Review: None
- Branches: None
- Financial Aid Programs: Federal: Family Education Loan Program; Work Study; Pell; SEOG; Perkins Loans
- Financial Aid Consultant: State: Cal Grant A and B  
None

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## AUDITOR'S REPORT (continued)

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### OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional agreements as they pertain to the grant programs administered by the Commission.

The review will focus on, but not be limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. Roster and Reports
- E. File Maintenance and Records Retention
- F. Fiscal Responsibility and Program Funds

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the institution are secure.
- Administration systems have adequate controls to ensure that grant payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in the conduct of this review include:

- Evaluate the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluate the current payment procedures through interviews and reviews of student records, forms and procedures.
- Reviewing the records and grant payment transactions from a sample of 15 Cal Grant students who received a total of 15 Cal Grant A awards within the review period. The program review sample was randomly selected from the total population of 68 recipients.

This review was conducted in accordance with **Government Auditing Standards** issued by the Comptroller General of the United States. However, the procedures did not constitute a review of the institution's financial statements.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the institution's management controls only to the extent necessary to plan the review.

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## AUDITOR'S REPORT (continued)

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**OBJECTIVES,  
SCOPE AND  
METHODOLOGY  
(continued)**

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

The names and social security numbers of the sample of students reviewed have been excluded from the body of this report and have been replaced by identifying numbers. Attachment A is a listing of the students by name, social security number and grant type.

**CONCLUSION**

In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commissions grant programs.

**VIEWS OF  
RESPONSIBLE  
OFFICIALS**

The findings were discussed with agency representatives in an exit conference on October 29, 2002. The agency staff concurred with all findings.

October 29, 2002

Charles Wood, Manager  
Program Compliance Office

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## FINDINGS AND REQUIRED ACTIONS

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**A. GENERAL FINDING Satisfactory Academic Progress Quantitative Measure Not Meeting  
ELIGIBILITY: Federal Requirement**

An examination of the institution's written satisfactory academic progress (SAP) policy for the review period revealed that the institution was not complying with federal regulations.

Title IV Federal regulations, require an institution to establish, publish and apply reasonable standards for measuring whether an otherwise eligible student is maintaining SAP. The policy must contain a qualitative and a quantitative component. The quantitative component consists of a maximum timeframe in which a student must complete his or her educational program within the 150 percent of the published length of the educational program. The school must divide the maximum timeframe into equal evaluation periods called increments. An increment cannot be longer than half of the program or one an academic year, whichever is less. Each increment must designate the minimum percentage or amount of work that a student must successfully complete in order to complete his or her educational program within the maximum timeframe. In addition, maximum timeframe progress must be reviewed at least once per academic year.

While reviewing the institution's SAP policy it was revealed that the following federal requirement for the quantitative component was not adequately addressed. Harvey Mudd College (HMC) catalogue disclosed, "Financial aid recipients must complete an average of 24 credits per year. Students who do not meet this requirement will be placed on 'financial aid probation' for a period of one year and will continue to receive financial aid while on probation. If, at the end of the probationary year, the average number of completed credits has not reached 24 credits per year, the student will become ineligible for financial assistance at HMC." In addition, the Quantitative Standards are described as follows per the Policy and Procedures of HMC's Financial Aid Office, "HMC has set the normal time frame for completion of the program as four years or eight semesters. The maximum time frame in which a student is expected to finish the program is six years or twelve semesters (150% of the published length of the program measured in academic terms). While the increments are set as semesters, we review eligibility on an annual (one year at a time) basis. The minimum amount or percentage of work a student must successfully complete by the end of each increment is 67% of the academic load during any single semester or for an academic year. This is equal to 67% of attempted credits."

HMC's SAP policy does not allow the student to complete his or her education program within 150% of the published length of the educational program. For instance, having the student complete 24 credits a year with a completion of 67% will not allow the student to complete 128 credits within 6 years. Instead, the student will complete 96 credits at the end of six years. In order for the student to complete 128 units within 6 years, HMC must require the students to complete 32 credits a year with a completion rate of 67%. Refer to the formula below:

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## FINDINGS AND REQUIRED ACTIONS (continued)

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Formula for Quantitative Standards	Meet Graduation Requirement of 128 credits
24 credits x 67%=16.08 credits 16.08 x 6 years= <b>96.48 credits at the end of 6 years</b>	No
32 credits x 67%=21.44 credits 21.44 x 6 years= <b>128.64 units at the end of 6 years</b>	Yes

No observations of non-compliance with SAP quantitative component were observed from the student sample reviewed.

### REFERENCES:

34 CFR 668.16(e)(2)(ii)(B)(C)  
2000-01 Financial Aid Handbook, Student Eligibility, Chapter 1, pages 1-21 to 1-23  
Institutional Agreement III.A.1  
Cal Grant Manual, Chapter 9, page 9-5  
Harvey Mudd College, Catalogue 1998-2001, page 38  
Policy and Procedures Harvey Mudd College Financial Aid Office

### REQUIRED ACTION:

The institution must revise the quantitative measure component of their SAP policy to be in compliance with the federal requirement. In addition, school is advised to reference the above-cited regulations and the exceptions noted within this report. Please submit a copy of the updated policy in response to this issue as well as the method by which the school's revised policy will be disseminated to all current and prospective students.

### INSTITUTION RESPONSE:

Prior to receiving your report, an attempt was made to clarify our policy. However, the format of your report allows Harvey Mudd College to better understand and clarify our policy with regards to the quantitative standards component of the Satisfactory Academic Progress requirements set forth in regulation by the federal government.

We believe that Harvey Mudd College is in compliance with the quantitative standards component of the Satisfactory Academic Progress requirements but that improvements can be made in the wording of our policy to clarify our institutional policies. Let me explain where I believe perhaps our policy has been misinterpreted.

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## FINDINGS AND REQUIRED ACTIONS (continued)

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Under our published 'Minimum Satisfactory Academic Progress' standards, Harvey Mudd College requires all full-time students to "complete an average of 24 credits per year" as stated in our catalogue. The 67% rule was not intended to apply to this requirement. It was an absolute. Published under our "Normal Satisfactory Academic Progress" standards we require students to complete 32 units per year if they receive Harvey Mudd Scholarship (HMS) in addition to other aid. Because a student can only receive HMS for eight semesters, they must complete at least 32 units per year in order to graduate prior to HMS funds being exhausted ( $32 \times 4 \text{ years} = 128 \text{ units}$ ). Likewise, because HMS covers a significant portion of the Cost of Attendance at Harvey Mudd College, we evaluate students based upon our "Normal Progress Standards" of completing 32 units per year, not 24 units.

Another requirement for receiving HMC Scholarship is that a student must be enrolled as a full-time student, which is defined as being enrolled in 12 units per semester ( $12 \times 2 \text{ semester} = 24 \text{ units per year}$ ). Additionally, for federal and state aid, we required students to complete a minimum of 24 units per year since we generally enroll only full-time students. This was the quantitative part of our federal SAP policy. It also supported the HMS requirement that scholarship recipients enroll in at least 12 units per semester, thus the reference in the catalog to the completion of 24 units.

We believe that our SAP policies can be clarified to clearly demonstrate compliance with federal regulations by decoupling the requirements for our Harvey Mudd Scholarship (HMS) program. Thus, we will discuss the recommendation put forth by the California Student Aid Commission to ensure that our written policy clearly meets federal standards. While we require students to essentially complete 32 units per year because of our Harvey Mudd Scholarship policy, we will more clearly state that a student must complete 32 units per year to maintain eligibility for Harvey Mudd Scholarship enabling them to graduate in four years. However, to maintain eligibility for federal and state aid, students must complete a minimum of 67 % of the 32 units attempted. (Please note that Harvey Mudd College only enrolls full-time students. The faculty Academic Standing Committee can make Exceptions.)

### AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required.



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## ATTACHMENT A - STUDENT SAMPLE

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